BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF QWEST CORPORATION'S FILING AMENDED RENEWED PRICE REGULATION PLAN	)	DOCKET NO. T-01051B-03-0454
IN THE MATTER OF THE INVESTIGATION OF THE COST OF TELECOMMUNICATIONS ACCESS	)	DOCKET NO. T-00000D-00-0672

STAFF JOINT ACCOUNTING SCHEDULES

ON BEHALF OF THE STAFF OF THE ARIZONA CORPORATION COMMISSION

PUBLIC VERSION
("Highlights" Denote Confidential Material)

PREPARED
BY
UTILITECH, INC.

Filed: November 18, 2004

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
INDEX TO ACCOUNTING EXHIBITS
AND SUPPORTING SCHEDULES

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Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
CHANGE IN GROSS REVENUE REQUIREMENT
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	Reference	Qwest Proposed Original Cost (a)	Qwest Proposed Fair Value (a)	Staff Proposed Original Cost	Staff Proposed Fair Value
	(A)	(B)	(C)	(D)	(E)	(F)
1	Proposed Rate Base	Sch. B	$ 1,643,001	$ 2,386,363	$ 1,559,949	$ 2,228,978
2	Rate of Return	Sch. D	11.18%	11.18%	9.50%	6.65%
3	Operating Income Required	Line 1 * 2	$ 183,688	$ 266,795	$ 148,132	$ 148,132
4	Net Operating Income Available	Sch. C	(5,056)	(5,056)	146,044	146,044
5	Operating Income Deficiency	Line 3 - 4	$ 188,744	$ 271,851	$ 2,088	$ 2,088
6	Revenue Conversion Factor	Sch. A-1	1.6876	1.6876	1.6910	1.6910
7	**Revenue Requirement**	Line 5 * 6	**$ 318,529**	**$ 458,784**	**$ 3,530**	**$ 3,530**
8	Overall Percentage Increase		28.67%		0.32%	

FOOTNOTES:

(a) Source: Qwest Schedule A-1, Rule 103 filing -- 6/21/04 update.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
REVENUE CONVERSION FACTOR
TEST YEAR ENDING 12/31/2003

Line No.	Description	Reference	Company Proposed	ACC Staff Proposed
	(A)	(B)	(C)	(D)
1	Gross Intrastate Revenue		100.0000%	100.0000%
2	Less: Uncollectible Revenue	Note b	-2.1220%	-1.8404%
3	Total Revenue	Ln1-Ln2	97.8780%	98.1596%
4	Less: Taxes on Local Revenue Service		-0.3646%	-0.3646%
5	Taxable Income	Ln3-Ln4	97.5134%	97.7950%
6	Less: Effective State Income Tax	6.9680%	6.3521%	6.8144%
7	Less: Effective Federal Income Tax	32.5612%	31.9065%	31.8432%
8	Net Operating Earnings	Ln5-Ln6-Ln7	59.2548%	59.1374%
9	Income to Revenue Multiplier	Ln 1/Ln 8	1.687627 (a)	1.690976

FOOTNOTES:

(a) According to Qwest's response to Staff Data Request UTI 15-18, the Company's June 21, 2004 revised Rule 103 filing incorrectly quantifies the effective Federal and State income tax rates, which misstates the revenue conversion factor. The Company "proposed" multiplier of 1.6876 reflects the factor used in the referenced filing and does not represent the corrected factor of 1.695858 identified in the referenced response. Staff's revenue multiplier does reflect the correct effective income tax rates.

(b)

Intrastate Revenues - Local	1990 Detail (LU)	842,673,206
Intrastate Revenues - Long Distance	1990 Detail (LU)	11,163,067
Total Loc + LD Intrastate Revenues		853,836,273
Uncollectible Revenues	1990 Detail (LU)	18,118,730
Percent Uncollectible - Qwest Filing		2.1220%
Qwest Adjustment PFN-03 Uncollectibles	PFN-03 WPs	(2,405,000)
Adjusted Uncollectibles		15,713,730
Adjusted Percent Uncollectible		1.8404%

Witness: M. Brosch

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
FAIR VALUE PERCENTAGE CONDITION ADJUSTMENT
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	Reference	Qwest Pro Forma Test Year	ACC Adjustments	ACC Proposed
	(A)	(B)	(C)	(D)	(E)
1	Fair Value Rate Base	Qwest Sch. B-1	$ 2,386,363		
2	Staff Rate Base Accounting Adjustments	Sch B. pg. 3		$ (83,052)	
3	Add Back: Short Term Plant Under Construction	Footnote (a)		21,448	
4	Staff Witness Dunkel RCND Study Adjustments	Sch. A-2 pg. 2		(95,780)	
5	Total Staff Fair Value Adjustments	Line 2 + 3 + 4		(157,385)	
6	STAFF PROPOSED FAIR VALUE RATE BASE	Line 1 + 5			$ 2,228,978

FOOTNOTES:

(a) Qwest Sch. B-1 Fair Value Rate Base failed to include Short Term Plant Under Construction while Sch. B-3 includes such amount.

Witness: M. Brosch

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
FAIR VALUE PERCENTAGE CONDITION ADJUSTMENT
TEST YEAR ENDING 12/31/2003
(000's)

Includes Embedded, FCC Deregulated & Other Plant

Line No.	Description	Original Cost Incl Offbook	RCND Summary per Qwest Schedule B-4: Reproduction Cost New	Condition Percent	Reproduction Cost New Less Depreciation	Staff Condition Percent (Per WDA-17)	Staff Reproduction Cost Less Depreciation
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Land	12,813	12,813	100.00%	12,813	100.00%	$ 12,813
2	Motor Vehicles	71,269	74,251	46.88%	34,811	40.36%	29,968
3	Special Purpose Vehicles	26	33	26.38%	9	27.06%	9
4	Garage Work Equipment	1,519	1,821	64.47%	1,174	64.93%	1,182
5	Other Work Equipment	38,319	40,359	56.35%	22,744	59.30%	23,933
6	Buildings	238,452	432,300	65.44%	282,893	59.83%	258,645
7	Furniture	1,897	1,897	68.79%	1,305	49.46%	938
8	Office Equipment	5,913	6,123	37.83%	2,316	19.88%	1,217
9	Company Communication Equipment	2,429	2,566			43.80%	1,124
10	General Purpose Computers	96,514	18,005	38.15%	6,868	25.81%	4,647
11	Analog Switching					0.00%	-
12	Digital Switching	1,192,379	914,690	68.43%	625,939	62.14%	568,388
13	Operator Systems	2,534	2,902	36.53%	1,060	30.99%	899
14	Radio Systems	32,937	36,886	34.73%	12,812	27.60%	10,180
15	Circuit DDS	1,757,337	5,401	49.67%	2,682	37.10%	2,004
16	Circuit Digital		1,690,094	76.36%	1,290,497	55.05%	930,397
17	Circuit Analog		39,638	36.17%	14,338	23.34%	9,252
18	Station Apparatus	32,899	32,899	62.43%	20,538	62.43%	20,539
19	Customer Premises Wiring			0.00%		0.00%	-
20	Large PBX						-
21	Public Telephone Terminal Equipment	21,555	21,555	40.81%	8,796	40.81%	8,797
22	Other Terminal Equipment	61,166	59,208	92.47%	54,749	58.10%	34,400
23	Poles	52,723	199,908	57.95%	115,855	63.94%	127,821
24	Aerial Cable - Metallic	198,351	348,764	27.76%	96,834	37.95%	132,356
25	Aerial Cable - Non-Metallic	9,484	10,757	55.68%	5,990	76.85%	8,267
26	Underground Cable - Metallic	398,394	679,519	23.80%	161,729	34.18%	232,259
27	Underground Cable - Non-Metallic	183,141	199,445	50.74%	101,205	75.32%	150,222
28	Buried Cable - Metallic	1,645,740	2,178,731	43.13%	939,667	47.94%	1,044,484
29	Buried Cable - Non-Metallic	23,709	26,229	47.63%	12,493	66.75%	17,508
30	Submarine Cable - Metallic	3	5	0.00%		2.26%	0
31	Submarine Cable - Non-Metallic						-
32	Intrabuilding Cable - Metallic	46,456	80,436	38.22%	30,741	26.78%	21,541
33	Intrabuilding Cable - Non-Metallic	1,057	1,184	75.18%	890	75.78%	897
34	Aerial Cable	10,998	15,986	48.99%	7,831	62.60%	10,007
35	Conduit	451,409	878,335	56.31%	494,618	56.33%	494,766
36	Capital Leases - Buildings						-
37	Capital Leases - Vehicles	16	16	100.00%	16	100.00%	16
38	Capital Leases - Computers						-
39	Capital Leases - Software	4,432	4,432	100.00%	4,432	100.00%	4,432
40	Capital Leases - Other	685	685	100.00%	685	100.00%	685
41	Leaseholds - Buildings	32,889	32,741	100.00%	32,741	100.00%	32,741
42	Leaseholds - Computers						-
43	Intangibles - Software	106,880	270,377	100.00%	270,377	100.00%	270,377
44	Intangibles - Spectrum Rights	29	29	100.00%	29	100.00%	29
45	Total Plant in Service	6,736,354	8,321,020	56.15%	4,672,478		4,467,740
46	(L.1 thru 26)-L10						
47							
48	Reproduction Cost New Factor	1.235					
49	(Original Cost Plant / RCN Plant)						
50							
51	Arizona Intrastate Operations						
52	Intrastate Ratio	72.20%	72.20%		72.20%	Schedule F	71.22%
53	Intrastate Plant in Service	4,863,469	6,007,556		3,373,405		3,181,844
54	RCND Adjustment Due to Percent Condition						(191,561)
55	50% Weighting Factor						50%
56	Fair Value Adjustment Due To Percent Condition						(95,780)

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
SUMMARY OF JURISDICTIONAL RATE BASE
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	Qwest Pro Forma Test Year	ACC Adjustments	ACC Proposed
	(A)	(B)	(C)	(D)
1	Telephone Plant In Service	$ 4,750,352	$ (76,252)	$ 4,674,100
2	Short-Term Plant Under Construction	21,448	(21,448)	-
3	Materials and Supplies	7,255	(2,393)	4,862
4	Allowance for Cash Working Capital	(52,173)	(10,717)	(62,890)
5	Accumulated Depr & Amort Reserve	(2,924,497)	(44,372)	(2,968,869)
6	Accumulated Deferred Income Tax	(251,439)	72,414	(179,025)
7	Customer Deposits	(3,299)	7	(3,292)
8	Land Development Agreement Deposits	(2,023)	4	(2,019)
9	Other Assets & Liabilities	97,377	(296)	97,081
10	**End-Of-Period Rate Base**	$ 1,643,001	$ (83,052)	$ 1,559,949
		(a)		(b)

FOOTNOTES:

(a) Source: Qwest Schedule B-1, Rule 103 filing -- 6/21/04 update.
(b) ACC Staff Schedule B, page 2 of 2.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
SUMMARY OF OUCC RATE BASE ADJUSTMENTS
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	ADJUSTMENT NUMBER / SCHEDULE REFERENCE B-1	B-2	B-3	B-4	B-5	B-6	B-7	TOTAL
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Telephone Plant In Service	$ 128,947		$ (58,637)	$ (31,017)	$ 1,047	$ (146,657)		$ (106,317)
2	Short-Term Plant Under Construction	(507)				(20,941)			(21,448)
3	Materials and Supplies	(2,226)							(2,226)
4	Allowance for Cash Working Capital	-	(10,717)						(10,717)
5	Accumulated Depr & Amort Reserve	(58,884)		25,607	4,395	(71)	68,633	(103,700)	(64,020)
6	Accumulated Deferred Income Tax	(23,958)				(101)	30,889	40,686	47,516
7	Customer Deposits	7							7
8	Land Development Agreement Deposits	4							4
9	Other Assets & Liabilities	(296)							(296)
10	**End-Of-Period Rate Base**	$ 43,087	$ (10,717)	$ (33,031)	$ (26,622)	$ (20,066)	$ (47,135)	$ (63,014)	$ (157,497)

ADJUSTMENTS:

B-1 QWEST UPDATE - CORRECTIONS & REVISIONS
B-2 CASH WORKING CAPITAL
B-3 DSL -- REMOVED FROM INTRASTATE
B-4 BSI -- CONSTRUCTION RELATED CHARGES
B-5 TELEPHONE PLANT UNDER CONSTRUCTION (TPUC)
B-6 SOP 98-1 (INTERNAL-USE-SOFTWARE)
B-7 DEPRECIATION RESERVE CORRECTION

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
SUMMARY OF OUCC RATE BASE ADJUSTMENTS
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	Prior Page Subtotal	ADJUSTMENT NUMBER / SCHEDULE REFERENCE B-8	B-9	B-10	B-11	B-12	B-13	B-14	TOTAL
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
1	Telephone Plant In Service	$ (106,317)	$ 55,921	$ (26,195)	$ 340					$ (76,252)
2	Short-Term Plant Under Construction	(21,448)			-					(21,448)
3	Materials and Supplies	(2,226)		(121)	(46)					(2,393)
4	Allowance for Cash Working Capital	(10,717)			-					(10,717)
5	Accumulated Depr & Amort Reserve	(64,020)	(300)	19,878	70					(44,372)
6	Accumulated Deferred Income Tax	47,516	23,112	1,816	(30)					72,414
7	Customer Deposits	7		-	-					7
8	Land Development Agreement Deposits	4			-					4
9	Other Assets & Liabilities	(296)			-					(296)
10	**End-Of-Period Rate Base**	$ (157,497)	$ 78,732	$ (4,622)	$ 335	$ -	$ -	$ -	$ -	$ (83,052)

ADJUSTMENTS:

B-8 FAS106 OPEB COSTS
B-9 VOICE MESSAGING -- STATE DEREGULATED SERVICE
B-10 FCC DEREGULATED SERVICES -- SEPARATIONS ADJUSTMENT
B-11 B-11
B-12 B-12
B-13 B-13
B-14 B-14

Witness: Brosch/Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
QWEST UPDATE - CORRECTIONS & REVISIONS
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description (A)	Reference (B)	Qwest Revised Intrastate UTI 1-1S1 Amount (C)	Qwest Filing Intrastate 6/21/04 Update Amount (D)	Difference Adjustment (E)	Rate Base Total of Qwest Correction Adjustment (F)
1	**Qwest Proposed Corrections & Revisions**					
2	**PFR-04 Cash Working Capital - Exclude Noncash Expenses**	UTI 2-13	[redacted]			
3	**PFA-03 SOP 98-01 Software Accounting**					
4	Plant in Service	UTI 1-01S1				
5	Accumulated Deprec/Amort Reserve					
6	Net Plant					
7	Deferred Income Taxes					
8	Rate Base Impact					
9	**PFA-04 Telephone Plant Under Construction**					
10	Plant in Service					
11	Short Term TPUC					
12	Accumulated Deprec/Amort Reserve					
13	Net Plant					
14	Deferred Income Taxes					
15	Rate Base Impact					
16	**PFA-02 Post Employment Benefits Other Than Pensions**					
17	Plant in Service					
18	Accumulated Deprec/Amort Reserve					
19	Net Plant					
20	Deferred Income Taxes					
21	Rate Base Impact					
22	**PFN-01 Out of Period Adjustment Correction - Materials & Supplies (only)**					
23	**PFN-12 Planning for Enhanced Services (FCC Dereg)**					
24	Plant in Service					
25	Materials & Supplies					
26	Accumulated Deprec/Amort Reserve					
27	Net Plant					
28	Deferred Income Taxes					
29	Rate Base Impact					
30	**PFN-14 Separations Changes from PFN-12**					
31	Plant in Service					
32	Short Term TPUC					
33	Materials & Supplies					
34	Accumulated Deprec/Amort Reserve					
35	Net Plant					
36	Deferred Income Taxes					
37	Customer Deposits					
38	Other Assets & Liabilities					
39	Rate Base Impact					
40	**PFN-17 Separations Update / corrections**					
41	Plant in Service					
42	Short Term TPUC					
43	Materials & Supplies					
44	Accumulated Deprec/Amort Reserve					
45	Net Plant					
46	Deferred Income Taxes					
47	Customer Deposits					
48	Land Development Agreements					
49	Rate Base Impact					
50	**TOTAL OF QWEST CORRECTIONS & REVISIONS TO RATE BASE**					$ 43,087

Sources: Qwest's Schedule C-2, June 21, 2004 update, & Qwest's response to Staff Data Requests UTI 1-1S1 & UTI 7-2S1.

Witness: M. Brosch

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
CASH WORKING CAPITAL
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description	Adjusted Amount (Sch. C)	Avg Daily Amount (Col C/365)	Revenue Lag Days Qwest PFR-04	Expense Lag Days (Footnotes)	Net Lag Days (Col D - E)	Cash Working Capital (Col F * E)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	OPERATING EXPENSES	Note 3					
2	Maintenance Expense	[redacted]					
3	Engineering Expense						
4	Network Operations Expense						
5	Network Administration Expense						
6	Access Expense						
7	Other Expense						
8	Total Cost of Services & Products						
9	Customer Operations Expense						
10	Corporate Operations Expense						
11	Property Taxes						
12	Other Taxes (Excluding Income Taxes)						
13	Uncollectibles						
14	Total Selling, General and Administrative						
15	Current Federal Income Tax						
16	Current State Income Tax						
17	Total Current Income Taxes						
18	OTHER CASH TRANSACTIONS						
19	Federal Excise Taxes						
20	Flow-Through Taxes						
21	Other Accrued Liabilities						
22	Interest Expense (Sch. C-21)						
23	TOTAL CASH WORKING CAPITAL REQUIREMENT (L18+L23)						(62,890)
24	Less: Qwest Revised Cash Working Capital (UTI 2-13)						(52,173)
25	Staff Adjustment to Cash Working Capital (Line 23 - Line 24)						$ (10,717)

FOOTNOTES:

(1) Lag day values in Column E for lines 2,3,4,5,7, 9 and 10 are impacted by Staff's revisions to embedded wage and benefit lag day calculations, as explained in testimony of Staff witness Brosch.

(2) Interest expense lag day at line 22, column E is revised to eliminated non-cash amortization of debt expenses, as explained in the testimony of Staff witness Brosch.

(3) Income statement input amounts in Column C are from Schedule C, except for Interest from Schedule C-21, Federal Excise and Flow through taxes, which are Qwest-proposed amounts, and current Federal and State income taxes, which are derived as follows:

	Per Books Qwest E-8 Detail	Total Staff Sch.C Adjustments	Staff Adjusted Current FIT/SIT
7220 FIT Current	(29,585)	85,260	55,675
7230 SIT & LIT	(6,053)	19,107	13,054

Witness: Carver/Dunkel

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
DSL -- REMOVED FROM INTRASTATE
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description	Reference	Intrastate As Recorded	ACC Staff DSL Adjustment
	(A)	(B)	(C)	(D)
[redacted]				
	ACC Staff Adjustment to Assign Test Year DSL Net Investment to Interstate Operations			$ (33,031)

FOOTNOTES:

(a) Source: ACC Staff witness Dunkel, Schedule WDA-15 & Workpaper B-3.

Witness: Carver/Dunkel

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
BSI -- CONSTRUCTION RELATED CHARGES
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description	Reference	Intrastate As Recorded	ACC Staff BSI Adjustment
	(A)	(B)	(C)	(D)
[redacted]				
	ACC Staff Adjustment to Remove Test Year Net Investment Related to BSI Construction Charges			$ (26,622)

FOOTNOTES:

(a) Source: ACC Staff witness Dunkel, Schedule WDA-18 & Workpaper B-4.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
TELEPHONE PLANT UNDER CONSTRUCTION (TPUC)
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	Reference	Intrastate Amount
	(A)	(B)	(C)
1	Qwest Proposed TPUC Rate Base Allowance	(a)	
2	Telephone Plant In Service	(b)	$ (1,047)
3	Telephone Plant Under Construction	(b)(c)	20,941
4	Accumulated Depreciation & Amort. Reserve	(b)	71
5	Accumulated Deferred Income Tax	(b)	101
6	Net Rate Base Effect		$ 20,066
7	ACC Staff Adjustment to Remove TPUC From Rate Base and Continue Arizona's Capitalization Method		$ (20,066)

FOOTNOTES:

(a) Qwest proposed to depart from the ACC's capitalization method and adopt the FCC's Revenue Requirement Offset Method.

(b) Source: Qwest response to Staff Data Request UTI 1-1S1, Attachment A, Adjustment PFA-04.

(c) Telephone Plant Under Construction

Qwest PFA-04	$ 21,023
Qwest PFN-14, TPUC (Staff Adjustment B-1)	(43)
Qwest PFN-17, TPUC (Staff Adjustment B-1)	(39)
Total TPUC Adjustment	$ 20,941

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
SOP 98-1 (INTERNAL-USE-SOFTWARE)
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	Reference	Revised Qwest Adjustment PFA-03	ACC Staff Reversal
	(A)	(B)	(C)	(D)
1	Qwest Proposed SOP 98-1 Adjustment	(a)		
2	Telephone Plant In Service	(b)	$ 146,657	$ (146,657)
3	Accumulated Depreciation & Amort. Reserve	(b)	(68,633)	68,633
4	Accumulated Deferred Income Tax	(b)	(30,889)	30,889
5	Net Rate Base Effect		$ 47,135	
6	ACC Staff Adjustment to Reverse Qwest's Retroactive Adoption of SOP 98-1 in 1999 and Reflect Prospective Capitalization & Amortization for Arizona Regulatory Purposes			$ (47,135)

FOOTNOTES:

(a) In its original filing, Qwest proposed to first recognize the pro forma effect of SOP 98-1 for regulatory purposes in the current rate case. Subsequently in response to Staff Data Request UTI 4-2, Qwest revised its recommendation to retroactively adopt SOP 98-1 for Arizona regulatory purposes effective January 1, 1999.

(b) Source: Qwest response to Staff Data Request UTI 4-1 S1 & revised Adjustment PFA-03. Also, see the revised response to Staff Data Request UTI 1-1S1.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
DEPRECIATION RESERVE CORRECTION
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	Reference	QWEST PROPOSED ADJUSTMENTS Depreciation PFA-01	Depreciation Synchronization PFN-11	Total	ACC Staff Reversal
	(A)	(B)	(C)	(D)	(E)	(F)
1	Accumulated Depreciation & Amortization Reserve		$ 109,701	$ (6,001)	$ 103,700	$ (103,700)
2	Accumulated Deferred Income Tax Reserve		(43,040)	2,354	(40,686)	40,686
3	Net Rate Base Effect	Line 1 + 2	$ 66,661 (a)	$ (3,647) (b)	$ 63,014	
4	ACC Staff Adjustment to Reverse the Effects of Qwest's Pro Forma Adjustment to Rate Base For the Change in Book Depreciation Expense					$ (63,014)

FOOTNOTES:

(a) Source: Qwest Schedule B-2 (p. 4), Adjustment PFA-01, Rule 103 filing -- 6/21/04 update.

(b) Source: Qwest Schedules B-2 (p. 3), Adjustment PFN-11, Rule 103 filing -- 6/21/04 update.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
FAS106 OPEB COSTS
TEST YEAR ENDING 12/31/2003
(000'S)

CONFIDENTIAL

Line No.	Description	Reference	Qwest Adjustment PFA-02	ACC Staff Proposed	ACC Staff OPEB Adjustment
	(A)	(B)	(C)	(D)	(E)
1	OPEB Rate Base Allowance				
2	Telephone Plant In Service	Qwest PFA-02	$ (120,371)	$ (64,450)	$ 55,921
3	Accumulated Depreciation Reserve		300		(300)
4	Accumulated Deferred Income Tax	Qwest PFA-02	2,365	25,477	23,112
5	Net Rate Base Effect	Line 1 + Line 2	$ (117,706)	$ (38,974)	
			(g)	(a)	
6	ACC Staff Adjustment to Reflect Rate Base Offset for Unfunded FAS106 OPEB Costs in Excess of PAYGO Levels				$ 78,732

FOOTNOTES:

(a) Staff Proposed Unfunded OPEB Costs -- Medical & Life (intrastate)

	1999	2000	2001	2002	2003	Accrual - PAYGO Cumulative
Service Cost	[redacted]					
Interest Cost						
Expected Return						
Amort. Of Prior Service Cost						
Amort. Of Actuarial Gain						
Subtotal (b)(d)(e)						
TBO Amortization (b)(c)						
Total Medical & Life Accrual						
Less: PAYGO (d)(e)(f)						
Unfunded FAS106						$ 64,450,468
	(b)(f)	(d)	(e)	(e)	(e)	
Deferred Income Tax Reserve						
Fed. & State Inc. Tax Rate	39.5292%					(25,476,754)
Staff Proposed Unfunded OPEB Rate Base Allowance						$ 38,973,714

(b) Source: Qwest response to Staff Data Request UTI 47-11, Confidential Attachment B (Docket No. T-1051B-99-105).
(c) TBO Amortization fixed at amount recognized in Docket No. T-1051B-99-105.
(d) Source: 2000 data per Qwest response to Staff Data Request UTI 20-5, confidential Attachment A.
(e) Source: 2001-2003 data per Qwest response to Staff Data Request UTI 18-9, Confidential Attachments A, B & C.
(f) Source: 1999 PAYGO amount per Qwest responses to Staff Data Request UTI 47-11 (Confidential Attachment B) & UTI 47-12(b), Docket No. T-1051B-99-105.
(g) Source: Qwest response to Staff Data Request UTI 1-1S1, Attachment A, Adjustment PFA-02.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
VOICE MESSAGING -- STATE DEREGULATED SERVICE
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description	"Corrected" Voice Messaging (State Dereg)	Staff Adjustment Removing Voice Messaging
	(A)	(B)	(C)
[redacted]			
	ACC Staff Adjustment to Remove From Rate Base the Net Investment for Deregulated Voice Messaging Services Consistent with Staff's Recommendation		$ (4,622)

FOOTNOTES:

(a) Source: Staff Workpaper C-19 & Qwest confidential response to Staff Data Request UTI 9-9, Attachment B -- corrected for Planning for Enhanced Services.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
FCC DEREGULATED SERVICES -- SEPARATIONS ADJUSTMENT
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	Intrastate Adjustments: Qwest PFA	Qwest PFN (excl. sep. adj.)	Qwest PFR	Total Qwest Adjustments (excl. sep. adj.)	Staff Adjustments (excl. sep. adj.)	Total Qwest & Staff Adjustments	%Intrastate Net Change Ratio (c)	Effect of Separations Factor Changes	FCC Dereg 50% Imputation
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
1	Telephone Plant In Service	$ 25,239	$ 1,288		$ 26,527	$ (76,591)	$ (50,064)	-1.3563%	$ 679	$ 340
2	Short-Term Plant Under Construction (d)		-		-	(21,448)	(21,448)		-	-
3	Materials and Supplies	21,023	(13,344)		7,679	(2,347)	5,332	-1.7110%	(91)	(46)
4	Cash Working Capital			$ (52,173)	(52,173)	(10,717)	(62,890)		-	-
5	Accumulated Depr & Amort Reserve	41,439	(7,301)		34,138	(44,443)	(10,305)	-1.3670%	141	70
6	Accumulated Deferred Income Tax	(71,463)	2,400		(69,063)	72,444	3,381	-1.7587%	(59)	(30)
7	Customer Deposits		-	(891)	(891)	7	(884)	0.0000%	-	-
8	Land Development Agreement		-		-	4	4	0.0000%	-	-
9	Other Assets & Liabilities		-	97,377	97,377	(296)	97,081	0.0000%	-	-
10	**End-Of-Period Rate Base**	$ 16,238	$ (16,957)	$ 44,313	$ 43,594	$ (83,387)	$ (39,793)		$ 669	
11	ACC Staff Adjustment to Reflect 50% of Separations Correction Associated with FCC Deregulated Services									$ 335

FOOTNOTES:

(a) Source: Qwest response to Staff Data Request UTI 1-1S1, Attachment A, excluding PFN-14 & PFN-17.
(b) Source: Staff Schedule C, p. 1, excluding Adjustment C-20.
(c) Source: Staff Schedule F, Intrastate Separations Factors.
(d) Staff Adjustment B-5 removes TPUC from rate base -- no need to quantify separations impact.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
SUMMARY OF OPERATING INCOME
TEST YEAR ENDING 12/31/2003

Line No.	Description	Qwest Pro Forma	ACC Staff Adjustments	ACC Staff Proposed
	(A)	(B)	(C)	(D)
	Revenues			
1	Local Service Revenues	$ 775,134	$ 5,863	$ 780,997
2	Network Access Service Revenues	65,547	3,221	68,768
3	LongDistance Network Service Revenues	8,586	1,309	9,895
4	Miscellaneous	261,801	(8,568)	253,233
5	Total Operating Revenues	1,111,068	1,826	1,112,894
	Expenses			
6	Maintenance	246,117	(23,228)	222,889
7	Engineering Expense	10,519	(3,141)	7,378
8	Network Operations	69,967	(18,730)	51,237
9	Network Administration	1,681	(186)	1,495
10	Access Expense	9,041	-	9,041
11	Other	555	(103)	452
12	Total Cost of Services & Products	337,880	(45,388)	292,492
13	Customer Operations	188,545	(21,760)	166,785
14	Corporate Operations	202,806	(32,263)	170,543
15	Property & Other Taxes	67,424	(1,284)	66,140
16	Uncollectibles	19,634	(51)	19,583
17	Total Selling, General and Administrative	478,409	(55,358)	423,051
18	Other Operating Income & Expense	(44)	1	(43)
19	Depreciation Expense	364,079	(152,897)	211,182
20	Universal Service Fund	-	-	-
21	Link Up America	(2)	-	(2)
22	Total Operating Expense	1,180,322	(253,642)	926,680
23	**Income From Operations**	(69,254)	255,468	186,214
	Taxes			
24	Federal Income Tax	(52,028)	85,260	33,232
25	State & Local Income Tax	(12,170)	19,107	6,937
26	**Net Operating Income**	$ (5,056)	$ 151,100	$ 146,044
		(a)	(b)	

FOOTNOTES:

(a) Source: Qwest Adjustment PFR-03, workpapers supporting Rule 103 filing -- 6/21/04 update.

(b) ACC Staff Schedule C, page 4 of 4.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
SUMMARY OF OUCC NOI ADJUSTMENTS
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description		ADJUSTMENT NUMBER / SCHEDULE REFERENCE C-1	C-2	C-3	C-4	C-5	C-6	C-7	C-8	C-9	SUBTOTAL
	(A)		(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
	Revenues											
1	Local Service Revenues		$ 1,366	$ 792			$ 3,705					$ 5,863
2	Network Access Service Revenues		3,353		(132)							3,221
3	LongDistance Network Service Revenues		233			1,076						1,309
4	Miscellaneous		1,369							329		1,698
5	Total Operating Revenues		$ 6,321	$ 792	$ (132)	$ 1,076	$ 3,705	$ -	$ -	$ 329	$ -	$ 12,091
	Expenses											
6	Maintenance		(3,377)					$ (2,822)				$ (6,200)
7	Engineering Expense		(202)									(202)
8	Network Operations		(1,701)					(649)				(2,350)
9	Network Administration		(29)									(29)
10	Access Expense		-									-
11	Other		(17)									(17)
12	Total Cost of Services & Products		(5,326)	-	-	-	-	(3,472)	-	-	-	(8,798)
13	Customer Operations		549									549
14	Corporate Operations		(21,365)								(5,507)	(26,872)
15	Property & Other Taxes		(1,020)									(1,020)
16	Uncollectibles		62									62
17	Total Selling, General and Administrative		(21,774)	-	-	-	-	-	-	-	(5,507)	(27,281)
18	Other Operating Income & Expense		-									-
19	Depreciation Expense		23,312					(5,429)	(2,942)	71		15,012
20	Universal Service Fund		-									-
21	Link Up America		-									-
22	Total Operating Expense		$ (3,789)	$ -	$ -	$ -	$ -	$ (8,901)	$ (2,942)	$ 71	$ (5,507)	$ (21,067)
23	**Income From Operations**		$ 10,110	$ 792	$ (132)	$ 1,076	$ 3,705	$ 8,901	$ 2,942	$ 258	$ 5,507	$ 33,158
	Taxes											
24	Federal Income Tax	32.5612%	2,818	258	(43)	350	1,206	2,898	958	84	1,793	10,323
25	State & Local Income Tax	6.9680%	1,926	55	(9)	75	258	620	205	18	384	3,532
26	**Net Operating Income**		$ 5,366	$ 479	$ (80)	$ 651	$ 2,240	$ 5,382	$ 1,779	$ 156	$ 3,330	$ 19,304

ADJUSTMENTS:

- **C-1** QWEST UPDATE - CORRECTIONS & REVISIONS
- **C-2** LOCAL SERVICE REVENUE CORRECTION
- **C-3** ACCESS REVENUE ANNUALIZATION
- **C-4** TOLL REVENUE ANNUALIZATION
- **C-5** DIRECTORY ASSISTANCE REVENUE ANNUALIZATION
- **C-6** DSL -- REMOVED FROM INTRASTATE
- **C-7** BSI -- CONSTRUCTION RELATED CHARGES
- **C-8** TELEPHONE PLANT UNDER CONSTRUCTION (TPUC)
- **C-9** MARKETING & ADVERTISING COSTS

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
SUMMARY OF OUCC NOI ADJUSTMENTS
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description		Prior Page Subtotal	ADJUSTMENT NUMBER / SCHEDULE REFERENCE C-10	C-11	C-12	C-13	C-14	C-15	C-16	C-17	SUBTOTAL
	(A)		(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
	Revenues											
1	Local Service Revenues		$ 5,863									$ 5,863
2	Network Access Service Revenues		3,221									3,221
3	LongDistance Network Service Revenues		1,309									1,309
4	Miscellaneous		1,698									1,698
5	Total Operating Revenues		$ 12,091	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,091
	Expenses											
6	Maintenance		$ (6,200)							$ (43)	$ (3,244)	$ (9,486)
7	Engineering Expense		(202)							(877)	(1,104)	(2,183)
8	Network Operations		(2,350)							(8,046)		(10,397)
9	Network Administration		(29)							(16)		(45)
10	Access Expense		-									-
11	Other		(17)									(17)
12	Total Cost of Services & Products		(8,798)	-	-	-	-	-	-	(8,982)	(4,348)	(22,128)
13	Customer Operations		549							(3,309)	(1,227)	(3,988)
14	Corporate Operations		(26,872)	(520)		(1,993)	(1,298)	(381)	(113)	(230)	(146)	(31,553)
15	Property & Other Taxes		(1,020)									(1,020)
16	Uncollectibles		62									62
17	Total Selling, General and Administrative		(27,281)	(520)	-	(1,993)	(1,298)	(381)	(113)	(3,540)	(1,373)	(36,499)
18	Other Operating Income & Expense		-									-
19	Depreciation Expense		15,012		(24,468)							(9,456)
20	Universal Service Fund		-									-
21	Link Up America		-									-
22	Total Operating Expense		$ (21,067)	$ (520)	$ (24,468)	$ (1,993)	$ (1,298)	$ (381)	$ (113)	$ (12,522)	$ (5,722)	$ (68,084)
23	**Income From Operations**		$ 33,158	$ 520	$ 24,468	$ 1,993	$ 1,298	$ 381	$ 113	$ 12,522	$ 5,722	$ 80,175
	Taxes											
24	Federal Income Tax	32.5612%	10,323	169	7,967	649	423	124	37	4,077	1,863	25,632
25	State & Local Income Tax	6.9680%	3,532	36	1,705	139	90	27	8	873	399	6,808
26	**Net Operating Income**		$ 19,304	$ 314	$ 14,796	$ 1,205	$ 785	$ 230	$ 69	$ 7,572	$ 3,460	$ 47,735

ADJUSTMENTS:

C-10 QWEST WIRELESS EXCESSIVE PRICES
C-11 SOP98-1 (INTERNAL-USE-SOFTWARE)
C-12 RE-AUDIT, D&O INSURANCE & SECURITIES LITI
C-13 ALLOCATION FACTOR UPDATES
C-14 PUBLIC AFFAIRS COSTS
C-15 QWEST SERVICE CORPORATION COST EXCLUSIONS
C-16 YEAR-END WAGE & SALARY ANNUALIZATION
C-17 INCENTIVE COMPENSATION

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
SUMMARY OF OUCC NOI ADJUSTMENTS
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description		Prior Page Subtotal	ADJUSTMENT NUMBER / SCHEDULE REFERENCE C-18	C-19	C-20	C-21	C-22	C-23	C-24	C-25	TOTAL
	(A)		(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
	Revenues											
1	Local Service Revenues		$ 5,863									$ 5,863
2	Network Access Service Revenues		3,221									3,221
3	LongDistance Network Service Revenues		1,309									1,309
4	Miscellaneous		1,698		6,589					(16,855)		(8,568)
5	Total Operating Revenues		$ 12,091	$ -	$ 6,589	$ -	$ -	$ -	$ -	$ (16,855)	$ -	$ 1,826
	Expenses											
6	Maintenance		$ (9,486)	$ (12,736)		$ 1,035				$ (2,040)		$ (23,228)
7	Engineering Expense		(2,183)	(953)		1				(5)		(3,141)
8	Network Operations		(10,397)	(8,332)		309				(310)		(18,730)
9	Network Administration		(45)	(133)		(0)				(7)		(186)
10	Access Expense		-	-		-						-
11	Other		(17)	(83)		(0)				(3)		(103)
12	Total Cost of Services & Products		(22,128)	(22,238)	-	1,344	-	-	-	(2,366)	-	(45,388)
13	Customer Operations		(3,988)	(12,948)		-				(4,823)		(21,760)
14	Corporate Operations		(31,553)	(657)		1,890				(1,942)		(32,263)
15	Property & Other Taxes		(1,020)	-	24	52				(339)		(1,284)
16	Uncollectibles		62	-	121	13				(248)		(51)
17	Total Selling, General and Administrative		(36,499)	(13,606)	145	1,955	-	-	-	(7,353)	-	(55,358)
18	Other Operating Income & Expense		-			0				0		1
19	Depreciation Expense		(9,456)			-		(54,518)	(85,930)	(2,993)		(152,897)
20	Universal Service Fund		-			-						-
21	Link Up America		-			-						-
22	Total Operating Expense		$ (68,084)	$ (35,843)	$ 145	$ 3,299	$ -	$ (54,518)	$ (85,930)	$ (12,712)	$ -	$ (253,642)
23	**Income From Operations**		$ 80,175	$ 35,843	$ 6,444	$ (3,299)	$ -	$ 54,518	$ 85,930	$ (4,143)	$ -	$ 255,468
	Taxes											
24	Federal Income Tax	32.5612%	25,632	11,671	2,098	(1,074)	2,436	17,752	27,980	(1,235)	-	85,260
25	State & Local Income Tax	6.9680%	6,808	2,498	449	(230)	521	3,799	5,988	(725)	-	19,107
26	**Net Operating Income**		$ 47,735	$ 21,675	$ 3,897	$ (1,995)	$ (2,957)	$ 32,968	$ 51,962	$ (2,184)	$ -	$ 151,100

ADJUSTMENTS:

C-18 FAS106 OPEB COSTS
C-19 FCC DEREGULATED SERVICES -- REVENUE IM
C-20 FCC DEREGULATED SERVICES -- SEPARATION
C-21 INTEREST SYNCHRONIZATION
C-22 DEPRECIATION ANNUALIZATION - 12/31/03 RESERVE UPDATE
C-23 DEPRECIATION ANNUALIZATION - STAFF PROPOSED RATES
C-24 VOICE MESSAGING -- STATE DEREGULATED SERVICE
C-25 **reserved**

Witness: Brosch/Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
QWEST UPDATE - CORRECTIONS & REVISIONS
TEST YEAR ENDING 12/31/2003
$000

CONFIDENTIAL

Line No.	Description		Reference	Qwest Revised Intrastate UTI 1-1S1 Amount	Qwest Filing Intrastate 6/21/04 Update Amount	Difference Adjustment	Operating Income Impact of Qwest Correction Adjustments
	(A)		(B)	(C)	(D)	(E)	(F)
1	**Qwest Proposed Corrections & Revisions**						
2	**Revenue Trending PFN-03 Revisions**						
3	Local Service	Recurring	UTI 2-06, 7-02				
4		Non-Recurring	"				
5		Directory Assistance Revenues	"				
6	Access Revenues		"				
7	Toll Revenues		"				
8	Miscellaneous	White Pages	"				
9		Wholesale	"				
10		Late Payment Fee	"				
11		Billing and Collection	"				
12	FCC Nonregulated Revenues		"				
13	**Total Revision to Qwest Revenue Trending Adjustments**						
14	**Out of Period PFN-01 Revisions**						
15	Local Service Revenue		Various Staff				
16	Access Revenues		Data Requests				
17	Toll Revenues		Including:				
18	Miscellaneous		UTI 3-36, 4-31,				
19	FCC Nonregulated Revenues		4-23, 7-2, 12-18,				
20	Total Revenue Amount		UTI 13-12, 14-01				
21			WDA 17-2, 10C-18				
22	Maintenance Expense						
23	Corporation Operations Expense						
24	Total Expense Amount						
25	**Rent Compensation PFN-07 Revision**	Misc. Rev/Exp	UTI 3-16S1				
26	**Property Tax True-up PFN-10**	Taxes Other	UTI 4-06c				
27	**Planning for Enhanced FCC Dereg PFN-12**	Expenses	UTI 9-08A, 15-7a				
28	**Eliminate Contingency Accruals PFN-13**	Rev / Expense	UTI 3-23, 7-16, 19-3				
29	**Revised Separations Factors PFN-14**	Rev / Expense	UTI 9-08A, 15-07b				
30	**SOP 98-01 1999 Adoption PFA-03**	Depreciation	UTI 4-02				
31	**Charitable Contributions Elimination PFR-07**	Corporate Ops	UTI 8-25				
32	**Plant Under Contruction PFA-04**	Revenue	UTI 1-01S1				
34	**Other Post Emp, Benefits OPEB PFA-02**	Expenses	RUCO 3-10				
35	**Sponsorships Elimination PFN-16**	Expenses	UTI 15-24A				
36	**Effective Income Tax Rate Correction PFN-15**	Income Tax	UTI 15-18, 18-10				
37	**Interest Synchronization PFR-03**	Income Tax					
38	**Revised Separations Factors PFN-17**	Rev / Expense	WDA 14-6, 18-2, 18-3				
39	**Total Operating Income Adjustment to Reflect Qwest Corrections and Revisions**						**$ 5,366**

Sources: Qwest's Schedule C-2, June 21, 2004 update, & Qwest's response to Staff Data Requests UTI 1-1S1 & UTI 7-2S1.

Witness: Brosch/Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
QWEST UPDATE - CORRECTIONS & REVISIONS
TEST YEAR ENDING 12/31/2003

CONFIDENTIAL

Qwest Proposed Corrections & Revisions

LINE NO.	DESCRIPTION (A)	Revenue Trending PFN-03 (B)	Out of Period Incremental Adj. PFN-01 (C)	Rent Comp. Update Adj. PFN-07 (D)	Property Tax True-up PFN-10 (E)	Planning for Enhanced FCC PFN-12 (F)	Elimination of Contingency $ PFN-13 (G)	Separations Effect of PFN-12 PFN-14 (H)	SOP 98-01 1999 Adoption PFA-03 (I)	Charitable Contributions PFR-07 (J)	Plant Under Construction PFA-04 (K)	Post Employment Benefits OPEB PFA-02 (L)	Sponsorship Elimination PFN-16 (M)	Effective Income Tax Rate Correc. PFN-15 (N)	Interest Synchronization PFR-03 (O)	FCC Separations Compliance Adj PFN-17 (P)	Total of Qwest Corrections & Revisions (Q)
	Revenues																
1	Local Service Revenues																$ 1,366
2	Network Access Service Revenues																3,353
3	LongDistance Network Service Revenues																233
4	Miscellaneous																1,369
5	Total Operating Revenues																$ 6,321
	Expenses																
6	Maintenance																(3,377)
7	Engineering Expense																(202)
8	Network Operations																(1,701)
9	Network Administration																(29)
10	Access Expense																-
11	Other																(17)
12	Total Cost of Services & Products																(5,326)
13	Customer Operations																549
14	Corporate Operations																(21,365)
15	Property & Other Taxes																(1,020)
16	Uncollectibles																62
17	Total Selling, General and Administrative																(21,774)
18	Other Operating Income & Expense																-
19	Depreciation Expense																23,312
20	Universal Service Fund																-
21	Link Up America																-
22	Total Operating Expense																$ (3,789)
23	**Income From Operations**																$ 10,110
	Taxes rate below are Qwest Err %																
24	Federal Income T 32.7201%																2,818
25	State & Local Inc 6.5141%																1,926
26	**Net Operating Income**	$ 287	$ 4,738	$ 309	$ 1,356	$ 4,871	$ 3,544	$ (551)	$ (14,434)	$ 92	$ (257)	$ 4,113	$ 291	$ (95)	$ 555	$ 546	$ 5,366

Sources: Qwest's Schedule C-2, June 21, 2004 update, & Qwest's response to Staff Data Requests UTI 1-1S1 & UTI 7-2S1.

Witness: M. Brosch

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
LOCAL SERVICE REVENUE CORRECTION
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description	Reference	Intrastate Amount
	(A)	(B)	(C)
[redacted]			
	Staff Adjustment to Correct Local Service Revenues		$ 792

Witness: M. Brosch

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
ACCESS REVENUE ANNUALIZATION
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description	Reference	October Amount	November Amount	December Amount	Total Amount
	(A)	(B)	(C)	(D)	(E)	(F)
1	Recorded Intrastate Access Revenues	JR4C Report	[redacted]			
2	Less: Jan 2004 Out of Period	UTI 2-06				
3	Restatement Adjustments					
4	Normalized Recorded Access Revenues	Lines 1..3				
5	Times 4 to Annualize (Staff Method)					times 4
6	Staff Proposed Annualized State Access Revenues					[redacted]
7	Less: Post Test Period Access Rate Reduction					5,000
8	Staff Proposed Annualized State Access Revenues at Present Rates					[redacted]
9	Qwest Proposed Test Year State Access Revenues (Per UTI 1-1S1, Att. A)					[redacted]
10	Staff Adjustment to Annualize Test Year Access Revenues					$ (132)

Witness: M. Brosch

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
TOLL REVENUE ANNUALIZATION
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description	Reference	October Amount	November Amount	December Amount	Total Amount
	(A)	(B)	(C)	(D)	(E)	(F)
1	**Recorded Intrastate Long Distance Revenues:**					
2	5100.21 Message Toll - Business	UTI 2-06 WPs	[redacted]			
3	5100.22 Message Toll - Residence	"				
4	5100.23..29 Message Other	"				
5	5100.41 Toll Calling Plans - Business	"				
6	5100.42 Toll Calling Plans - Residence	"				
7	5111.2, 4, .52 Inward WATS	"				
8	5112.2, 4, .52 Outward WATS	"				
9	Sum of Analyzed Toll Revenue Accounts	"				
10	Times Four to Annualize (Staff Method)					Times 4
11	Staff Proposed Annualized Long Distance Revenues at Present Rates					[redacted]
12	Qwest Proposed Test Year Long Distance Revenues (Per UTI 1-1S1, Att. A)					[redacted]
13	Staff Adjustment to Annualize Test Year Toll Revenues					$ 1,076

Witness: M. Brosch

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
DIRECTORY ASSISTANCE REVENUE ANNUALIZATION
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description	Reference	October Amount	November Amount	December Amount	Total Amount
	(A)	(B)	(C)	(D)	(E)	(F)
1	**Recorded Intrastate Directory Assistance Revenues:**					
2	5060.31 Directory Assistance - Business	UTI 2-06 WPs	[redacted]			
3	5060.32 Directory Assistance - Residence	"				
4	5060.33 Directory Assistance - Public	"				
5	5060.34 Directory Assistance - Resale	"				
6	5060.39 Directory Assistance - Other	"				
7	Sum of Analyzed Directory Assistance Revenue Accounts					
8	Times Four to Annualize (Staff Method)					Times 4
9	Staff Proposed Annualized Directory Assistance Revenues at Present Rates					[redacted]
10	Qwest Proposed Test Year Directory Assistance Revenues	(a)				[redacted]
11	Staff Adjustment to Annualize Test Year Revenues					$ 3,705

FOOTNOTES:

(a) 2003 Actual Directory Assistance Revenues per Qwest UTI 2-06 Workpapers

Revised Qwest Adjustment to Annualize DA Revenues (UTI 2-06S2)

Qwest Proposed DA Revenues - TY Annualized

[redacted]

Witness: Carver/Dunkel

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
DSL -- REMOVED FROM INTRASTATE
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description	Reference	Intrastate As Recorded	ACC Staff DSL Adjustment
	(A)	(B)	(C)	(D)
[redacted]				
	ACC Staff Adjustment to Assign Test Year DSL Expenses to Interstate Operations			$ (8,901)

FOOTNOTES:

(a) Source: ACC Staff witness Dunkel, Schedule WDA-15 & Workpaper C-6.

Witness: Carver/Dunkel

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
BSI -- CONSTRUCTION RELATED CHARGES
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description	Reference	Intrastate As Recorded	ACC Staff BSI Adjustment
	(A)	(B)	(C)	(D)
[redacted]				
	ACC Staff Adjustment to Remove Test Year Expenses Related to BSI Construction Charges			$ (2,942)

FOOTNOTES:

(a) Source: ACC Staff witness Dunkel, Schedule WDA-18 & Workpaper B-4.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
TELEPHONE PLANT UNDER CONSTRUCTION (TPUC)
TEST YEAR ENDING 12/31/2003
(000'S)

Line No.	Description	Reference	Intrastate Amount
	(A)	(B)	(C)
1	Qwest Proposed Inclusion of TPUC in Rate Base	(a)	
2	Miscellaneous Revenues	(b)	$ (329)
3	Depreciation Expense	(b)	(71)
4	Operating Income Before Income Tax		$ (258)
5	ACC Staff Adjustment to Remove TPUC Related Revenues/ Expenses and Continue Arizona's Capitalization Method of Accounting		$ 258

FOOTNOTES:

(a) Qwest proposed to depart from the ACC's capitalization method and adopt the FCC's Revenue Requirement Offset Method.

(b) Source: Qwest response to Staff Data Request UTI 1-1S1, Attachment A, Adjustment PFA-04.

Witness: M. Brosch

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
MARKETING & ADVERTISING COSTS
TEST YEAR ENDING 12/31/2003

CONFIDENTIAL

Line No.	Description	Reference	Intrastate Amount $000
	(A)	(B)	(C)
[redacted]			
	Staff Adjustment to Disallow Image/Brand Advertising		$ (5,507)

Witness: M. Brosch

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
QWEST WIRELESS EXCESSIVE PRICES
TEST YEAR ENDING 12/31/2003

Line No.	Description	Reference	Intrastate Amount $000
	(A)	(B)	(C)
1	Qwest Corporation Payments to Qwest Wireless at Affiliate Contract Pricing Effective In Test Year	UTI 1-23 A	$ 1,386
2	Effective Unit Price per Minute Paid to Qwest Wireless	UTI 7-10 A	$ 0.080
3	Best Effective Gold Plan Rate to QW Customers	"	$ 0.050
4	Implied Discount to Achieve Best Pricing	1 - (Line 3 / 2)	37.5%
5	Staff Adjustment to Qwest Wireless Billings at Best Price	Line 1 * Line 4	$ (520)

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
SOP98-1 (INTERNAL-USE-SOFTWARE)
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	Reference	Capitalize & Amortize TY Costs	Revised Qwest Adjustment PFA-03	ACC Staff Adjustment
	(A)	(B)	(C)	(D)	(E)
1	Qwest Proposed Inclusion of TPUC in Rate Base	(a)			
2	Corporate Operations -- Test Year Expensed Software		$ (18,659)	$ (18,659)	$ -
3	Depreciation Expense -- 5 Year Amortization		3,732	28,200	(24,468)
4	Total Operating Expense		$ (14,927)	$ 9,541	$ (24,468)
			(b)	(c)	
5	ACC Staff Adjustment to Reverse Qwest's Retroactive Adoption of SOP 98-1 in 1999 and Reflect Prospective Capitalization & Amortization for Arizona Regulatory Purposes				$ (24,468)

FOOTNOTES:

(a) In its original filing, Qwest proposed to first recognize the pro forma effect of SOP 98-1 for regulatory purposes in the current rate case. Subsequently in response to Staff Data Request UTI 4-2, Qwest revised its recommendation to retroactively adopt SOP 98-1 for Arizona regulatory purposes effective January 1, 1999.

(b) Original Qwest Adjustment PFA-03 did not amortize capitalized test year costs over 5-year period.

(c) Source: Qwest response to Staff Data Request UTI 4-1 S1 & revised Adjustment PFA-03.
Also, see the revised response to Staff Data Request UTI 1-1S1.

Witness: M. Brosch

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
RE-AUDIT, D&O INSURANCE & SECURITIES LITIGATION COSTS
TEST YEAR ENDING 12/31/2003

CONFIDENTIAL

Line No.	Description	Reference	Arizona Amount $000	Intrastate Amount $000 75.48%
	(A)	(B)	(C)	(D)
1	Qwest Recorded Test Year Re-Audit Costs	UTI 1-26A	[redacted]	
2	Qwest Recorded Test Year Securities Litigation Costs	UTI 1-24S1A		
3	Highest AZ Cost for D&O Liability Insurance (last 4 years)	UTI 11-13A		
4	Recorded Test Year D&O Insurance to AZ	"		
5	Excessive Test Year D&O Insurance Costs	Line 4-3		
6	Total of Test Year Extraordinary Costs			
7	Staff Adjustment to Disallow Qwest Extraordinary Re-audit, D&O and Litigation Costs			$ (1,993)

Witness: M. Brosch

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
ALLOCATION FACTOR UPDATES
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description	Qwest Service Corp. Charges By Factor UTI 8-44A	Test Year Allocation Factor Booked UTI 8-46A	Annualized 2004 Factor Percentage UTI 8-46A	Factor Difference For Allocation Col D - Col C	Qwest Service Corp. Charges Difference Col E * Col B
	(A)	(B)	(C)	(D)	(E)	(F)
1	Qwest Services Corporation Allocated Charges:					
2	[redacted]					
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
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34						
35	**Total Adjustment - QSC Charges to QC**					(7,965)
36	Approximate Percentage of QC Charges to Arizona (based upon 2004 Weighted Three PFN-06)					16.84%
37	Arizona Portion of QSC Allocation Factor Update					(1,341)
38	Intrastate Factor					75.48%
39	Staff Adjustment to Update QSC Allocation Factors					(1,012)
40	Add: Update of Centralized Allocations per UTI 2-08, Attachment A					(286)
41	Staff Adjustment to Annualize QSC and Centralized Allocation Factors					$ (1,298)

Witness: M. Brosch

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
PUBLIC AFFAIRS COSTS
TEST YEAR ENDING 12/31/2003
(000'S)

CONFIDENTIAL

Line No.	Description	Reference	Test Year Arizona Amount $000	Intrastate Adjustment Amount $000 75.48%
	(A)	(B)	(C)	(D)
1	Total Arizona Public Affairs Public Policy Wages/Benefits	UTI 9-11A	[redacted]	
2	Less: President, Exec. Assistant and AVP	UTI 9-11A		
3	Remaining Director Level Personnel in AZ Public Policy	Lines 1 - 2		
4	Less: Positions Reclassified Below the Line by Staff			
5	Staff Director-External Affairs	UTI 4-09A, 9-11A	[redacted]	[redacted]
6	Staff Director-Community Affairs	"		
7	Staff Disallowed Director/Staff Positions	Lines 3-5-6		
8	Less: Director Legislative Position Already Below the Line	UTI 9-11A		
9	Sub-total Regulatory Directors/Staff >>Allowed by Staff	Line 7 - Line 8		
10	Percentage Allowed of Director/Staff	Lines 9 / Line 3	51.7%	
11	Staff Disallowance Percentage	1 minus Line 10	**48.3%**	
12	AZ President, Exec. Assistant and AVP	Line 2	[redacted]	
13	Disallowance of AZ President - Supervisory Payroll Method	Line 11 * Line 12		
14	Staff Adjustment to Reclassify Additional Public Policy Costs Below the Line			$ (381)

Witness: M. Brosch

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
QWEST SERVICE CORPORATION COST EXCLUSIONS
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	Reference	Total Amount QSC $000	Allocated Arizona Amount	Staff Intrastate Adjustment 75.48%
	(A)	(B)	(C)	(D)	(E)
1	Nacchio Consulting Payment Disallowance	UTI 15-23B, C	1,500	150	
2	Arizona Consulting Payment Disallowance	Line 9, Col D		(150)	(113)
3	Intrastate Adjustment to Disallow Certain QSC Expenses				$ (113)

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
YEAR-END WAGE & SALARY ANNUALIZATION
TEST YEAR ENDING 12/31/2003

CONFIDENTIAL

Line No.	Description	Reference	Management Regular Pay (a)	Management Equivalent Employees (c)	Management Regular Pay Per Employee	Occupational Regular Pay (b)	Occupational Equivalent Employees (c)	Occupational Regular Pay Per Employee	(000's) Total
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	**Regular Pay Annualization**								
2	Oct-2003								
3	Nov-2003								
4	Dec-2003								
5	Average Regular Pay								
6	Dec-2003 Employee Equivalent -- regression								
7	Times: Annualization Multiplier								
8	Annualized Regular Pay								
9	Less: Test Year Regular Pay	(a)							
10	Regular Pay Annualization Adjustment								
11	Related Benefits Impact	(d) * line 10							
12	Regular Pay & Benefits Annualization Adjustment								
13	Operating Expense Allocation Rate	(e)							
14	Staff Proposed Adjustment to Operating Expense Before Jurisdictional Allocation								$ (16,575)

	Distribution	Total Arizona	%Intrastate (g)	AZ Intrastate
Maintenance	0.35%	$ (57)	74.4569%	$ (43)
Engineering Expense	7.30%	(1,209)	72.5289%	(877)
Network Operations	65.54%	(10,864)	74.0657%	(8,046)
Network Administration	0.13%	(22)	72.6279%	(16)
Customer Operations	24.84%	(4,118)	80.3673%	(3,309)
Corporate Operations	1.84%	(305)	75.4789%	(230)
Total	100.00%	$ (16,575)		$ (12,522)

Footnotes on Page 2

CONFIDENTIAL

FOOTNOTES:

(a) **Management Regular Pay**

(before clearances)	Basic Wages (EXTC 111)	Paid Absences (EXTC 13x, 149)	Total
Oct-2003	[redacted]		
Nov-2003			
Dec-2003			
12ME Dec-2003			

Source: Qwest confidential response to Staff Data Request UTI 9-4, Attachment J.

(b) **Occupational Regular Pay**

(before clearances)	Basic Wages (EXTC 111)	Paid Absences (EXTC 13x, 149)	Total
Oct-2003	[redacted]		
Nov-2003			
Dec-2003			
12ME Dec-2003			

Source: Qwest confidential response to Staff Data Request UTI 9-4, Attachment K.

(c) Source: Qwest confidential response to Staff Data Request UTI 15-16, Attachment A.

(d) **Related Benefits Impact**

	Management	Occupational
FICA	7.4133%	7.4133%
Savings Plan	1.9367%	1.9367%
Group Life	0.2502%	0.1980%
Total	9.6002%	9.5480%

Source: Qwest workpapers supporting Adjustment PFN-05.

(e) **Composite Payroll Allocation Rate** (management & occupational)

2003 Total Payroll Expense	[redacted]
2003 Clearances	
Total Payroll (exp & cap)	

Source: Qwest confidential response to Staff Data Request UTI 9-4, Attachment I.

(f) **Expense Distribution**

	Basic Wages (EXTC 111)	Paid Absences (EXTC 13x, 149)	Total	Distribution
Maintenance	[redacted]			0.35%
Engineering Expense				7.30%
Network Operations				65.54%
Network Administration				0.13%
Customer Operations				24.84%
Corporate Operations				1.84%
Total				100.00%

(g) Source: Staff Schedule F, Intrastate Separation Factors. Represents corrected Qwest factors. Intrastate separations impact of Staff's treatment of FCC deregulated services is captured in Staff Adjustment B-10 & C-20.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
INCENTIVE COMPENSATION
TEST YEAR ENDING 12/31/2003

CONFIDENTIAL

Line No.	Description	Category	Total AZ Mgmt & Occup. Bonus (a)	Qwest % Intrastate	As Recorded Arizona Intrastate	Less: Qwest ADJ PFN-08 (b)	Adjusted Arizona Intrastate
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	6124, General Purpose Computers	Maint. Exp.	[redacted]	74.46%	[redacted]		
2	6532, Network Administration	Maint. Exp.		72.63%			
3	6534, Plant Operations Administration	Maint. Exp.		74.07%			
4	6535, Engineering	Engin. Exp.		72.53%			
5	6611, Product Management	Cust. Ops. Exp.		80.37%			
6	6612, Sales	Cust. Ops. Exp.		80.37%			
7	6621, Call Completion Services	Cust. Ops. Exp.		80.37%			
8	6622, Number Services	Cust. Ops. Exp.		80.37%			
9	6623, Customer Services	Cust. Ops. Exp.		80.37%			
10	6711, Executive	Corp. Ops. Exp.		75.48%			
11	6721, Accounting and Finance	Corp. Ops. Exp.		75.48%			
12	6722, External Relations	Corp. Ops. Exp.		75.48%			
13	6723, Human Resources	Corp. Ops. Exp.		75.48%			
14	6724, Information Management	Corp. Ops. Exp.		75.48%			
15	6728, Other General and Administrative	Corp. Ops. Exp.		75.48%			
16	Total						
17	Less: Allocation to Capital Accounts (b)	16.05%					
18	Incentive Pay Charged to Operating Expense						
19	Staff Allowance Percentage (c)						
20	Allowed Incentive Compensation						
21	ACC Staff Adjustment to Disallow Incentive Compensation Expense Associated with Corporate Financial Indicators				Line 20 - Line 18		$ (5,721,503)
						(000's)	$ (5,722)

FOOTNOTES:

(a) Source: Qwest response to UTI 9-3, Confidential Attachment A.
(b) Source: Qwest workpapers supporting Adjustment PFN-08.
(c) Source: Staff Workpaper C-17.
(d) Staff Adjustment Distibution

Maint. Exp.	56.69%	$	(3,244)
Engin. Exp.	19.30%		(1,104)
Cust. Ops. Exp.	21.45%		(1,227)
Corp. Ops. Exp.	2.55%		(146)
Total	100.00%	$	(5,722)

(e) Source: Staff Schedule F, Intrastate Separation Factors. Represents corrected Qwest factors. Intrastate separations impact of Staff's treatment of FCC deregulated services is captured in Staff Adjustment B-10 & C-20.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
FAS106 OPEB COSTS
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description	Reference	Qwest Proposed Amortization	Staff Proposed Amortization	ACC Staff Adjustment
	(A)	(B)	(C)	(D)	(E)
	OPEB -- APBO Amortization				
1	Qwest estimated Medical APBO		[redacted]		
2	% Allocation to Arizona				
3	Arizona APBO -- Total State	Line 1 * 2			
4	Arizona reg. intrastate %	(c)			
5	Arizona Intrastate APBO	Line 3 * 4			
6	TBO Amortization Period	(d) (e)			
7	Annual APBO Amortization	Line 5 * 6			
8	% Allocation to Operating Expense				
9	APBO Amortization -- Expense Allocation				
			(a)	(b)	
10	ACC Staff Adjustment to Recognize OPEB APBO Amortization Based on Qwest Proposal in the 1999 Rate Case (Docket T-1051B-99-105)	Col D - Col C			$ (35,843)

Adjustment Distribution	OPEB Per Book	%Intrastate (c)	Intrastate $	% Distribution	Adjustment
Maintenance	[redacted]	74.4569%	[redacted]	35.53%	$ (12,736)
Engineering Expense		72.5289%		2.66%	(953)
Network Operations		74.0657%		23.25%	(8,332)
Network Administration		72.6279%		0.37%	(133)
Access Expense		24.7584%		0.00%	-
Other		73.0672%		0.23%	(83)
Total Cost of Services & Products				62.04%	(22,238)
Customer Operations		80.3673%		36.12%	(12,948)
Corporate Operations		75.4789%		1.83%	(657)
Property & Other Taxes		73.4666%		0.00%	-
Uncollectibles		78.6675%		0.00%	-
Total Selling, General and Administrative				37.96%	(13,606)
Total		76.4585%		100.00%	$ (35,843)
	(a)			(a)	

FOOTNOTES:

(a) Source: Qwest Adjustment PFA-02, revised Staff Data Request UTI 1-1S1.
(b) Source: Qwest confidential response to Staff Data Request UTI 47-11, Docket T-1051B-99-105.
(c) Source: Staff Schedule F, Intrastate Separation Factors. Represents corrected Qwest factors. Intrastate separations impact of Staff's treatment of FCC deregulated services is captured in Staff Adjustment B-10 & C-20.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
FCC DEREGULATED SERVICES -- REVENUE IMPUTATION
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description (A)		Qwest ATL FCC Dereg (excl. B&C) (B)	Qwest ATL Remove Payphone (C)	Remove Planning/ Payphone "Correction" (D)	Remove FCC Dereg In AZ Price Cap Baskets (E)	Remove "Corrected" Voice Messaging (State Dereg Rec.) (F)	Qwest Pro Forma Adjustments (G)	Total "Corrected" FCC Dereg Remaining ATL (H)	FCC Dereg Staff Revenue 50% Imputation (I)	Adjusted FCC Dereg Remaining ATL (J)
	Revenues										
1	Miscellaneous										
2	Total Operating Revenues										
	Expenses										
3	Maintenance										
4	Engineering Expense										
5	Network Operations										
6	Network Administration										
7	Other										
8	Total Cost of Services & Products										
9	Customer Operations										
10	Corporate Operations										
11	Property & Other Taxes										
12	Uncollectibles										
13	Total Selling, General and Administrative										
14	Other Operating Income & Expense										
15	Depreciation Expense										
16	Total Operating Expense										
17	**Income From Operations**										
18	Federal Income Tax	32.561%									
19	State & Local Income Tax	6.968%									
20	**Net Operating Income**										
21	**Rate Base**										
22	Telephone Plant In Service										
23	Materials and Supplies										
24	Accumulated Depr & Amort Reserve										
25	Accumulated Deferred Income Tax										
26	Customer Deposits										
27	**End-Of-Period Rate Base**										
28	**Return On Investment**										

FOOTNOTES:

(a) Source: Qwest spreadsheet "az1203_Revised 10-27-04.xls" & sheet "Interface-1990Financials".

(b) Source: Qwest spreadsheet "az1203_Revised 10-27-04.xls" & Adjustment PFN-12, Planning for Enhanced Services.

(c) Source: Staff Adjustment C-1 & Qwest Adjustments PFN-03, Revised Operating Income Annualization (trending), & PFN-01, Revised Out of Period Revenues.

(d) **Revenue Imputation Adjustment**

End-Of-Period Rate Base
Staff Proposed Rate of Return
Operating Income Required
Net Operating Income Available
Operating Income Deficiency
Revenue Conversion Factor
Revenue Deficiency (Excess)
ACC Allowance D. 58927
Staff Proposed Imputation

(e) Source: Staff Workpaper C-19 & Qwest confidential response to Staff Data Request UTI 9-9, Attachment B -- corrected for Planning for Enhanced Services.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
FCC DEREGULATED SERVICES -- SEPARATIONS ADJUSTMENT
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	Intrastate Adjustments: Qwest PFA	Qwest PFN (excl. sep. adj.)	Qwest PFR	Total Qwest Adjustments (excl. sep. adj.)	Staff Adjustments (excl. sep. adj.)	Total Qwest & Staff Adjustments	%Intrastate Net Change Ratio (c)	Effect of Separations Factor Changes	FCC Dereg 50% Imputation
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
	Revenues									
1	Local Service Revenues		$ (59,142)		$ (59,142)	$ 5,863	$ (53,279)	n/a	n/a	n/a
2	Network Access		(3,886)		(3,886)	3,221	(665)	n/a	n/a	n/a
3	Long Distance		(2,343)		(2,343)	1,309	(1,034)	n/a	n/a	n/a
4	Miscellaneous	$ (329)	6,842	$ 73,363	79,876	(8,568)	71,308	n/a	n/a	n/a
5	Total Operating Revenues	(329)	(58,529)	73,363	14,505	1,826	16,330			
	Expenses									
6	Maintenance	21,871	(12,670)		9,201	(24,263)	(15,062)	-13.7394%	$ 2,069	$ 1,035
7	Engineering Expense	1,636	(142)		1,494	(3,142)	(1,647)	-0.0907%	1	1
8	Network Operations	14,308	221		14,529	(19,039)	(4,510)	-13.7230%	619	309
9	Network Administration	229	1		230	(185)	45	-0.5514%	(0)	(0)
10	Access Expense				-	-	-	0.0000%	-	-
11	Other	142	-		142	(103)	39	-1.7507%	(1)	(0)
12	Total Cost of Services & Products	38,187	(12,590)	-	25,597	(46,732)	(21,135)		2,689	1,344
13	Customer Operations	-	(290)		(290)	(21,760)	(22,050)	0.0000%	-	-
14	Corporate Operations	3,576	(20,515)	(1,125)	(18,064)	(34,153)	(52,216)	-7.2374%	3,779	1,890
15	Property & Other Taxes	52	(823)		(771)	(1,335)	(2,107)	-4.9151%	104	52
16	Uncollectibles	-	(2,209)		(2,209)	(65)	(2,274)	-1.1692%	27	13
17	Total Selling, General and Administrative	3,628	(23,837)	(1,125)	(21,334)	(57,313)	(78,647)		3,909	1,955
18	Other Operating Income & Expense		(208)	198	(10)	0	(10)	-5.3458%	1	0
19	Depreciation Expense	(81,572)	5,823	(14)	(75,763)	(152,897)	(228,660)	0.0000%	-	-
20	Universal Service Fund				-	-	-	-1.8480%	-	-
21	Link Up America				-	-	-	-1.4535%	-	-
22	Total Operating Expense	(39,757)	(30,812)	(941)	(71,510)	(256,942)	(328,451)		$ 6,599	
		(a)	(a)	(a)		(b)				
23	ACC Staff Adjustment to Reflect 50% of Separations Correction Associated with FCC Deregulated Services									$ 3,299

FOOTNOTES:

(a) Source: Qwest response to Staff Data Request UTI 1-1S1, Attachment A, excluding PFN-14 & PFN-17.
(b) Source: Staff Schedule C, p. 1, excluding Adjustment C-20.
(c) Source: Staff Schedule F, Intrastate Separations Factors.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
INTEREST SYNCHRONIZATION
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	Reference	Amount
	(A)	(B)	(C)
1	Staff Proposed Rate Base	Staff Sch. B	$ 1,559,949
2	Staff Proposed Weighted Debt Cost	Staff Sch. D	5.87%
3	Staff Proposed Interest Expense	Line 1 * Line 2	$ 91,581
4	Less: Qwest Pro Forma Interest Expense	(a)	99,063
5	Staff Interest Expense Adjustment	Line 3 + Line 4	$ (7,481)
6	**ACC STAFF ADJUSTMENT TO SYNCHRONIZE INTEREST**		
7	State Income Tax Effect on Staff Synchronized Interest	6.9680%	$ 521
8	Federal Income Tax Effect on Staff Synchronized Interest	32.5612%	2,436
9	Total Staff Income Tax on Synchonized Interest		$ 2,957

FOOTNOTES:

(a) Source: Qwest Adjustment PFR-03, workpapers supporting Qwest response to Staff Data Request UTI 1-1S1.

Witness: Carver/Dunkel

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
DEPRECIATION ANNUALIZATION - 12/31/03 RESERVE UPDATE
TEST YEAR ENDING 12/31/2003

CONFIDENTIAL

Line No.	Description (A)	Account (B)	Depreciable Plant In Service at 12/31/03 [excl. FCC Dereg] (C)	Staff Proposed Adjustments to Depreciable Plant (D)	Staff Proposed Depreciable Plant In Service at 12/31/03 (E)	Staff Proposed Depr. Rates 12/31/03 Update [Note (d)] (F)	Pro Forma Depreciation (G)	Staff Adjustment (000's) (H)
1	Motor Vehicles	2112	[redacted]	[redacted]	$ 50,002,464	6.9%	$ 3,450,170	
2	Special Pupose Vehicles	2114	[redacted]	[redacted]	18,258	12.8%	2,337	
3	Garage Work Equipment	2115	[redacted]	[redacted]	1,074,994	13.3%	142,974	
4	Other Work Equipment	2116	[redacted]	[redacted]	26,803,631	7.2%	1,929,861	
5	Buildings	2121	[redacted]	[redacted]	168,555,110	3.3%	5,562,319	
6	Furniture	2122	[redacted]	[redacted]	1,253,232	4.0%	50,129	
7	Office Equipment	2123.1	[redacted]	[redacted]	4,185,608	0.0%	-	
8	Company Communications Equipment	2123.2	[redacted]	[redacted]	1,719,023	1.7%	29,223	
9	General Purpose Computer	2124	[redacted]	[redacted]	68,106,771	0.0%	-	
10	Digital Switching Equipment	2212	[redacted]	[redacted]	895,201,225	8.1%	72,511,299	
11	Operator Systems	2220	[redacted]	[redacted]	1,962,173	25.8%	506,241	
12	Radio Systems	2231	[redacted]	[redacted]	20,997,530	0.7%	146,983	
13	Circuit DDS	2232	[redacted]	[redacted]	3,516,888	2.0%	70,338	
14	Circuit Digital	2232	[redacted]	[redacted]	1,005,772,853	7.1%	71,409,873	
15	Circuit Analog	2232	[redacted]	[redacted]	25,337,555	0.0%	-	
16	Other Terminal Equipment	2362	[redacted]	[redacted]	51,022,353	6.4%	3,265,431	
17	Pole Lines	2411	[redacted]	[redacted]	38,664,356	5.9%	2,281,197	
18	Aerial Cable - Metallic	2421	[redacted]	[redacted]	145,481,495	4.4%	6,401,186	
19	Aerial Cable - Non Metallic	2421	[redacted]	[redacted]	6,839,595	9.5%	649,762	
20	Underground Cable - Metallic	2422	[redacted]	[redacted]	283,502,726	4.2%	11,907,114	
21	Underground Cable - Non Metallic	2422	[redacted]	[redacted]	131,535,797	8.3%	10,917,471	
22	Buried Cable - Metallic	2423	[redacted]	[redacted]	1,193,055,976	6.5%	77,548,638	
23	Buried Cable - Non Metallic	2423	[redacted]	[redacted]	16,071,258	6.6%	1,060,703	
24	Submarine Cable - Metallic	2424	[redacted]	[redacted]	1,887	0.0%	-	
25	Submarine Cable - Non Metallic	2424	[redacted]	[redacted]	-	0.0%	-	
26	Intrabuilding Cable - Metallic	2426	[redacted]	[redacted]	31,755,876	3.0%	952,676	
27	Intrabuilding Cable - Non Metallic	2426	[redacted]	[redacted]	773,315	6.3%	48,719	
28	Aerial Wire	2431	[redacted]	[redacted]	8,068,659	7.5%	605,149	
29	Conduit Systems	2441	[redacted]	[redacted]	329,531,777	2.2%	7,249,699	
30	Total Intrastate Depreciable Plant		$ 4,600,342,426	$ (89,530,040)	$ 4,510,812,386		278,699,493	
			(a) (b)	(e)	(a) (b)			
31	Less: Per Book Depreciation Expense (c)						(445,280,010)	
32	Add: Qwest Pro Forma Depreciation Adjustment PFA-01						109,701,000	
33	Less: Qwest Pro Forma Depreciation Adjustment PFN-11						(6,001,000)	
34	Add: Staff Adjustments C-6 & C-7, DSL & BSI Depreciation (e)						8,362,037	
35	ACC Staff Adjustment to Annualize Book Depreciation Expense Based on Updated Book Depreciation Reserve at 12/31/03						$ (54,518,480)	$ (54,518)

FOOTNOTES:

(a) Source: Depreciable plant at 12/31/03 per workpapers supporting Qwest Adjustments PFA-01 & PFN-11.

(b) Plant Reconciliation: (000's)

Intrastate Depreciable Plant	$ 4,510,812
Land	12,813
Capital Leases	5,132
Leasehold Improvements	32,889
Intangibles	106,910
FCC Dereg	105,400
Rounding	(18)
Qwest Intrastate Plant In Service	$ 4,773,938

Source: Qwest response to Staff Data Request UTI 2-27.

(c) Source: Staff Workpaper C-22.

(d) Direct Testimony of Staff Witness Dunkel, Schedule WDA-8, p. 1 of 5.

(e) Source: Confidential Staff Adjustments B-3 (DSL plant), B-4 (BSI plant), C-6 (DSL depreciation) & C-7 (BSI depreciation).

Witness: Carver/Dunkel

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
DEPRECIATION ANNUALIZATION - STAFF PROPOSED RATES
TEST YEAR ENDING 12/31/2003

Line No.	Description	Account	Staff Proposed Depreciable Plant In Service at 12/31/03	Staff Proposed Depr. Rates Parameter Update [Note (b)]	Pro Forma Depreciation	Staff Adjustment (000's)
	(A)	(B)	(C)	(D)	(E)	(F)
1	Motor Vehicles	2112	$ 50,002,464	6.9%	$ 3,450,170	
2	Special Pupose Vehicles	2114	18,258	12.8%	2,337	
3	Garage Work Equipment	2115	1,074,994	13.3%	142,974	
4	Other Work Equipment	2116	26,803,631	7.2%	1,929,861	
5	Buildings	2121	168,555,110	3.3%	5,562,319	
6	Furniture	2122	1,253,232	4.0%	50,129	
7	Office Equipment	2123.1	4,185,608	0.0%	-	
8	Company Communications Equipment	2123.2	1,719,023	1.7%	29,223	
9	General Purpose Computer	2124	68,106,771	0.0%	-	
10	Digital Switching Equipment	2212	895,201,225	5.4%	48,340,866	
11	Operator Systems	2220	1,962,173	25.8%	506,241	
12	Radio Systems	2231	20,997,530	0.7%	146,983	
13	Circuit DDS	2232	3,516,888	2.5%	87,922	
14	Circuit Digital	2232	1,005,772,853	6.3%	63,363,690	
15	Circuit Analog	2232	25,337,555	0.0%	-	
16	Other Terminal Equipment	2362	51,022,353	6.4%	3,265,431	
17	Pole Lines	2411	38,664,356	3.4%	1,314,588	
18	Aerial Cable - Metallic	2421	145,481,495	2.6%	3,782,519	
19	Aerial Cable - Non Metallic	2421	6,839,595	3.4%	232,546	
20	Underground Cable - Metallic	2422	283,502,726	3.5%	9,922,595	
21	Underground Cable - Non Metallic	2422	131,535,797	2.7%	3,551,467	
22	Buried Cable - Metallic	2423	1,193,055,976	3.2%	38,177,791	
23	Buried Cable - Non Metallic	2423	16,071,258	3.0%	482,138	
24	Submarine Cable - Metallic	2424	1,887	0.0%	-	
25	Submarine Cable - Non Metallic	2424	-	0.0%	-	
26	Intrabuilding Cable - Metallic	2426	31,755,876	2.4%	762,141	
27	Intrabuilding Cable - Non Metallic	2426	773,315	2.7%	20,880	
28	Aerial Wire	2431	8,068,659	4.9%	395,364	
29	Conduit Systems	2441	329,531,777	2.2%	7,249,699	
30	Total Intrastate Depreciable Plant		$ 4,510,812,386 (a)		192,769,874	
31	Less: Staff Proposed Technical Update (a)				(278,699,493)	
32	ACC Staff Adjustment to Annualize Book Depreciation Expense Based on Staff's Updated Service Lives & Net Salvage				$ (85,929,619)	$ (85,930)

FOOTNOTES:

(a) Source: Staff Adjustment C-22.

(b) Direct Testimony of Staff Witness Dunkel, Schedule WDA-8, p. 1 of 5.

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
VOICE MESSAGING -- STATE DEREGULATED SERVICE
TEST YEAR ENDING 12/31/2003
(000's)

CONFIDENTIAL

Line No.	Description	"Corrected" Voice Messaging (State Dereg)	Staff Adjustment Removing Voice Messaging
	(A)	(B)	(C)
	Revenues		
1	Miscellaneous		
2	Total Operating Revenues		
	Expenses		
3	Maintenance		
4	Engineering Expense		
5	Network Operations		
6	Network Administration		
7	Other		
8	Total Cost of Services & Products		
9	Customer Operations		
10	Corporate Operations		
11	Property & Other Taxes		
12	Uncollectibles		
13	Total Selling, General and Administrative		
14	Other Operating Income & Expense		
15	Depreciation Expense		
16	Total Operating Expense		
17	**Income From Operations**		
18	Federal Income Tax		
19	State & Local Income Tax		
20	**Net Operating Income**		
		(a)	
21	ACC Staff Adjustment to Remove Test Year Revenues and Expenses Consistent with Staff Recommendation to Deregulated Voice Messaging Services		$ (2,184)

FOOTNOTES:

(a) Source: Staff Workpaper C-19 & Qwest confidential response to Staff Data Request UTI 9-9, Attachment B -- corrected for Planning for Enhanced Services.

Witnesses: Reiker/Ramirez

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
CAPITAL STRUCTURE & COSTS
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	Capital Amount	Capital Ratio	Cost Rates	Composite Cost
	(A)	(B)	(C)	(D)	(E)
	Qwest Proposed				
1	Long Term Debt	$ 1,098,801	66.50%	7.89%	5.248%
2	Short Term Debt	144,202	8.70%	7.24%	0.630%
3	Total Debt	1,243,002	75.20%	7.82%	5.877%
4	Common Equity	410,503	24.80%	21.40%	5.307%
5	Total Capital	$ 1,653,505.0	100.00%		**11.180%**
	ACC Proposed				
6	Debt		75.17%	7.81%	5.87%
7	Common Equity		24.83%	14.60%	3.63%
8	Total Capital		100.00%		9.50%

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
RECONCILIATION OF POSITIONS
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Sch/ Adj. Ref.	Description	Amount	Difference In Pretax Return	Revenue Requirement Value
		(A)	(B)	(C)	(D)
1	SCH. A	**Qwest Revenue Requirement**			$ 318,529
2	SCH. B	**Return Difference At Qwest Rate Base**	$ 1,643,001	-2.85%	(46,823)
3		Subtotal Revenue Requirement			$ 271,705
				PRE-TAX RETURN	
4		**STAFF RATE BASE ADJUSTMENTS**			
5	B-1	QWEST UPDATE - CORRECTIONS & REVISIONS	43,087	12.13%	$5,228
6	B-2	CASH WORKING CAPITAL	(10,717)	12.13%	(1,300)
7	B-3	DSL -- REMOVED FROM INTRASTATE	(33,031)	12.13%	(4,008)
8	B-4	BSI -- CONSTRUCTION RELATED CHARGES	(26,622)	12.13%	(3,230)
9	B-5	TELEPHONE PLANT UNDER CONSTRUCTION (TPUC)	(20,066)	12.13%	(2,435)
10	B-6	SOP 98-1 (INTERNAL-USE-SOFTWARE)	(47,135)	12.13%	(5,719)
11	B-7	DEPRECIATION RESERVE CORRECTION	(63,014)	12.13%	(7,646)
12	B-8	FAS106 OPEB COSTS	78,732	12.13%	9,553
13	B-9	VOICE MESSAGING -- STATE DEREGULATED SERVICE	(4,622)	12.13%	(561)
14	B-10	FCC DEREGULATED SERVICES -- SEPARATIONS ADJUSTMENT	335	12.13%	41
15		Total Value of Staff Rate Base Adustments	(83,052)		$ (10,077)
16		Staff Rate Base Recommendation	$ 1,559,949		
				REVENUE CONVERSION MULTIPLIER	
17	SCH. A	**Qwest Proposed Net Operating Income**	$ (5,056)		
		STAFF NET OPERATING INCOME ADJUSTMENTS			
18	C-1	QWEST UPDATE - CORRECTIONS & REVISIONS	5,366	1.6876	($9,056)
19	C-2	LOCAL SERVICE REVENUE CORRECTION	479	1.6876	(808)
20	C-3	ACCESS REVENUE ANNUALIZATION	(80)	1.6876	135
21	C-4	TOLL REVENUE ANNUALIZATION	651	1.6876	(1,098)
22	C-5	DIRECTORY ASSISTANCE REVENUE ANNUALIZATION	2,240	1.6876	(3,781)
23	C-6	DSL -- REMOVED FROM INTRASTATE	5,382	1.6876	(9,084)
24	C-7	BSI -- CONSTRUCTION RELATED CHARGES	1,779	1.6876	(3,002)
25	C-8	TELEPHONE PLANT UNDER CONSTRUCTION (TPUC)	156	1.6876	(263)
26	C-9	MARKETING & ADVERTISING COSTS	3,330	1.6876	(5,620)
27	C-10	QWEST WIRELESS EXCESSIVE PRICES	314	1.6876	(530)
28	C-11	SOP98-1 (INTERNAL-USE-SOFTWARE)	14,796	1.6876	(24,970)
29	C-12	RE-AUDIT, D&O INSURANCE & SECURITIES LITIGATION COSTS	1,205	1.6876	(2,034)
30	C-13	ALLOCATION FACTOR UPDATES	785	1.6876	(1,325)
31	C-14	PUBLIC AFFAIRS COSTS	230	1.6876	(389)
32	C-15	QWEST SERVICE CORPORATION COST EXCLUSIONS	69	1.6876	(116)
33	C-16	YEAR-END WAGE & SALARY ANNUALIZATION	7,572	1.6876	(12,779)
34	C-17	INCENTIVE COMPENSATION	3,460	1.6876	(5,839)
35	C-18	FAS106 OPEB COSTS	21,675	1.6876	(36,579)
36	C-19	FCC DEREGULATED SERVICES -- REVENUE IMPUTATION	3,897	1.6876	(6,576)
37	C-20	FCC DEREGULATED SERVICES -- SEPARATIONS ADJUSTMENT	(1,995)	1.6876	3,367
38	C-21	INTEREST SYNCHRONIZATION	(2,957)		0
39	C-22	DEPRECIATION ANNUALIZATION - 12/31/03 RESERVE UPDATE	32,968	1.6876	(55,637)
40	C-23	DEPRECIATION ANNUALIZATION - STAFF PROPOSED RATES	51,962	1.6876	(87,693)
41	C-24	VOICE MESSAGING -- STATE DEREGULATED SERVICE	(2,184)	1.6876	3,685
42	C-25	**reserved**	0	1.6876	0
43		Total Value of Staff Net Operating Income Adj.	151,100		$ (259,992)
44	SCH. A	Staff Net Operating Income Recommendation	$ 146,044		
		OTHER RECONCILING ITEMS			
45	SCH. A	Error in Qwest Revenue Conversion Factor			$ 1,554
46		RECONCILED REVENUE REQUIREMENT			$ 3,190
47		UNRECONCILED DIFFERENCE			**340**
48	SCH. A	**STAFF REVENUE REQUIREMENT RECOMMENDATION**			$ 3,530

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
CALCULATION OF PRE-TAX RETURN
TEST YEAR ENDING 12/31/2003

Line No.	Description	Weighted Cost (Sch. D)	Revenue Conversion Multiplier (a) (b)	Pretax Return
	(A)	(B)	(C)	(D)
	Qwest Proposed			
1	Long Term Debt	5.248%		
2	Short Term Debt	0.630%		
3	Total Debt	5.877%	1.0255	6.027%
4	Common Equity	5.307%	1.6876	8.956%
5	Total Capital	**11.180%**		14.983%
	ACC Proposed			
6	Debt	5.871%	1.0225	6.003%
7	Common Equity	3.63%	1.6910	6.130%
8	Total Capital	**9.50%**		12.133%
9	DIFFERENCE IN PRE-TAX RETURNS			-2.850%

Witness: S. Carver

QWEST CORPORATION
DOCKET NO. T-01051B-03-0454
INTRASTATE SEPARATION FACTORS
TEST YEAR ENDING 12/31/2003
(000's)

Line No.	Description	Total State MR	Total State JD	Total State JR (d=b+c)	Intrastate JR	FCC Dereg Excl. Billing & Collection	Payphone (incl. Enhanced Svc Reclass)	Qwest Revised (includes FCC Dereg) Regulated Intrastate (h=e+f-g)	Qwest Revised Intrastate Factor (i=h/d)	Staff Proposed (excludes Adj. C-19 FCC Dereg) Intrastate (incl. Corrected FCC Dereg Adj C-19)	Staff Proposed	Net Change %Intrastate	Intrastate Net Change Ratio
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
	REVENUES												
1	Local Network Service Revenue	$842,673	$0	$842,673	$842,673		$0	$842,673	100.0000%	$842,673	100.0000%		
2	Network Access Service Revenues	628,781	0	628,781	72,786		0	72,786	11.5757%	72,786	11.5757%		
3	Long Distance Network Service Revenue	11,160	0	11,160	11,163		0	11,163	100.0277%	11,163	100.0277%		
4	Miscellaneous	217,861		217,861	86,953	98,020	(8,613)	176,361	80.9514%	89,555	41.1064%		
5	Total Operating Revenue (L1 thru L4)	**1,700,475**	**0**	**1,700,475**	**1,013,576**	**98,020**	**(8,613)**	**1,102,984**	64.8633%	**1,016,177**	59.7584%		
	EXPENSES												
6	Maintenance Expense	314,282	0	314,282	201,587	35,372	(2,954)	234,004	74.4569%	201,854	64.2270%	-10.2299%	-13.7394%
7	Engineering Expense	12,195	0	12,195	8,836	9	(0)	8,845	72.5289%	8,837	72.4631%	-0.0658%	-0.0907%
8	Network Operations Expense	72,723	0	72,723	46,464	7,840	(441)	53,863	74.0657%	46,471	63.9017%	-10.1640%	-13.7230%
9	Network Administration Expense	1,962	0	1,962	1,417	8	(0)	1,425	72.6279%	1,417	72.2274%	-0.4005%	-0.5514%
10	Access Expense	36,517	0	36,517	9,041	0	0	9,041	24.7584%	9,041	24.7584%		
11	Other	544	0	544	390	7	(0)	397	73.0672%	390	71.7880%	-1.2792%	-1.7507%
12	Total Cost of Service & Products (L6 thru L11)	**438,223**	**0**	**438,223**	**267,736**	**43,236**	**(3,395)**	**307,576**	70.1871%	**268,011**	61.1585%	-9.0286%	-12.8636%
13	Customer Operations Expense	233,944	0	233,944	164,981	29,640	(6,606)	188,014	80.3673%	174,407	74.5508%	-5.8165%	-7.2374%
14	Corporate Operations Expense	235,237	20,060	255,297	179,839	23,987	(11,131)	192,695	75.4789%	183,224	71.7690%	-3.7099%	-4.9151%
15	Property & Other Taxes	91,602	0	91,602	66,416	1,910	(1,029)	67,297	73.4666%	66,510	72.6076%	-0.8590%	-1.1692%
16	Uncollectibles	24,787	0	24,787	18,119	1,271	110	19,499	78.6675%	18,372	74.1214%	-4.5461%	-5.7789%
17	Total Selling, General & Admin (L13 thru L16)	**585,569**	**20,060**	**605,628**	**429,354**	**56,808**	**(18,656)**	**467,505**	77.1933%	**442,513**	73.0667%	-4.1266%	-5.3458%
18	Other Operating Income & Expense	(44)	0	(44)	(33)	(1)	0	(34)	76.9082%	(33)	75.4869%	-1.4213%	-1.8480%
19	Depreciation Expense	497,353	106,528	603,881	455,903	8,523	(904)	463,521	76.7570%	456,783	75.6413%	-1.1157%	-1.4535%
20	Universal Service	0	0	0	0	0	0	0	0.0000%	0	0.0000%		
21	Link Up Americal	0	0	0	(2)	0	0	(2)	0.0000%	(2)	0.0000%		
22	Total Operating Expense (L12+L17+L18...L21)	**1,521,101**	**126,587**	**1,647,688**	**1,152,956**	**108,565**	**(22,956)**	**1,238,565**	75.1699%	**1,167,271**	70.8430%	-4.3269%	-5.7562%
23	**Income From Operations (L5-L22)**	**179,374**	**(126,587)**	**52,787**	**(139,381)**	**(10,545)**	**14,344**	**(135,582)**		**(151,094)**			
	TAXES												
24	Federal Income Tax	23,631	(38,740)	(15,110)	(65,387)	(4,210)	4,748	(64,849)		(69,393)			
25	State & Local Income Tax	14,910	(8,314)	6,596	(14,123)	(2,194)	2,725	(13,592)		(14,690)			
26	**Net Operating Income (L23-L24-L25)**	**$140,833**	**($79,533)**	**$61,301**	**($59,872)**	**($4,141)**	**$6,871**	**($57,141)**		**($67,011)**			
	RATE BASE												
27	Telephone Plant In Service	$6,848,171	($111,817)	$6,736,354	$4,781,644	$105,400	($23,574)	4,863,469	72.1974%	$4,797,507	71.2182%	-0.9792%	-1.3563%
28	Short-Term Plant Under Construction	25,472	541	26,013	19,020	237	(1)	19,256	74.0240%	19,020	73.1168%	-0.9072%	-1.2255%
29	Materials and Supplies	24,896	0	24,896	18,036	370	(12)	18,393	73.8810%	18,079	72.6169%	-1.2641%	-1.7110%
30	Allowance for Cash Working Capital	0	0	0	0	0	0	0	0.0000%	0	0.0000%		
31	Accumulated Depreciation & Amort. Reserve	3,728,065	331,883	4,059,949	2,973,385	62,384	(12,669)	3,023,100	74.4615%	2,981,773	73.4436%	-1.0179%	-1.3670%
32	Accumulated Deferred Income Tax	505,638	(167,552)	338,085	202,466	5,901	(1,678)	206,689	61.1352%	203,054	60.0600%	-1.0752%	-1.7587%
33	Customer Deposits	3,299	0	3,299	2,363	45	0	2,408	72.9946%	2,408	72.9946%	0.0000%	0.0000%
34	Land Development Agreement Deposits	2,784	0	2,784	2,030	0	0	2,030	72.9112%	2,030	72.9112%	0.0000%	0.0000%
35	Other Assets & Liabilites		0	0	0	0	0	0	0.0000%	0	0.0000%		
36	Net Rate Base	**$2,658,752**	**($275,607)**	**$2,383,145**	**$1,638,456**	**$37,675**	**($9,240)**	**$1,666,891**	69.9450%	**$1,645,340**	69.0407%	-0.9043%	-1.2929%

Source: Qwest workpapers ("az1203.xls" sheet "Interface-1990Financials").